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SUBJECT: YUSHCHENKO ACCUSES PM, LAW ENFORCEMENT OF
CORRUPTION

Classified By: DCM James Pettit for reasons 1.4(b,d)

SUMMARY

1. (C) In a meeting with law enforcement heads to mark the December 9 "National Day of Fighting Corruption," President Yushchenko accused Prime Minister Tymoshenko of misappropriating billions of hryvnias in state funds and bribing local officials to manipulate the January 17 presidential election. Yushchenko also accused law enforcement agencies of widespread corruption and tasked the State Security Service and the Prosecutor General's Office with investigating wrongdoing, especially in the Customs Service and State Tax Administration. Interior Minister Lutsenko stormed out of the meeting before the President finished and held a press conference where he accused Yushchenko of shielding corrupt officials and family members from prosecution. Yushchenko's tactless public outburst against Ukraine's law-enforcement chiefs is in keeping with his single-minded determination to deny the presidency to PM Tymoshenko -- whatever the cost to the country, or to his dignity as the head of state. End Summary.

PM STEALING BILLIONS, MANIPULATING ELECTION

2. (SBU) President Yushchenko invited the heads of law enforcement agencies to his office on December 9, the "National Day of Fighting Corruption," to discuss corruption, smuggling, and illegal immigration. Interior Minister Yuriy Lutsenko, Security Service (SBU) head Valentyn Nalyvaichenko, acting Prosecutor General Vinokurov, a Deputy Minister of Justice, the head of the State Tax Inspectorate, and the head of the Customs Department attended the meeting. Yushchenko, in his address to the assembled officials and press, accused Prime Minister (and political nemesis) Tymoshenko of massive corruption. He claimed that the "Prime Minister systematically arranges for the misuse of billions of hryvnias of state budget funds," and blamed the Prosecutor General's office for failing to investigate the alleged corruption. Yushchenko chided acting PG Vinokurov that "we shall never see any order, if there is no punishment." Yushchenko also accused Tymoshenko of using promises of political appointments and increased salaries to induce local officials to manipulate the January 17 presidential election in her favor. He accused the SBU of ignoring his previous requests for investigations into Tymoshenko's use of administrative resources, and demanded that they launch an investigation into "political corruption."

LAW ENFORCEMENT "INCOMPETENT" AND "USELESS"

3. (SBU) Yushchenko blamed law enforcement heads for Ukraine's slide down the ranking of Transparency International's Survey of Perceptions of Corruption to 146th

place, the lowest of the Newly Independent States. He told the assembled agency heads "You are good for nothing as government Ministers. You are incompetent and your sloppy work is a disgrace to the nation!" He accused police, tax and customs authorities of being complicit in illegal activities, and ordered SBU head Nalyvaichenko to immediately launch an investigation into corruption in the State Tax Inspectorate and Customs Service. Nalyvaichenko, a Yushchenko appointee, was clearly taken off guard by Yushchenko's dressing down of his fellow law enforcement officials; he flushed a deep scarlet and remained silent throughout the meeting. Following the meeting Yushchenko called on PM Tymoshenko to remove Lutsenko from the Interior Ministry.

14. (SBU) Yushchenko accused the Prosecutor General's office of delaying its investigation of some high-profile cases. He cited the bribery case of former Lviv Appeals Court Judge Roman Zvarych, the murder case against former MP Viktor Lozynsky, the involvement of former Interior Ministry General Okeksiy Pukach in journalist Heorhiy Gongadze's murder, the corruption cases against former Naftohaz head Ihor Bakay and former Odesa Mayor Ruslan Bodelan and his own 2004 poisoning case. "When will you complete these cases?" Yushchenko asked Vinokurov.

LUTSENKO STORMS OUT, LASHES OUT

15. (SBU) Interior Minister Lutsenko stood up and stormed out of the meeting, following Yushchenko's accusations of

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corruption. Later that day, Lutsenko held a press conference and accused the President and his family of corrupt activities. He said that Yushchenko had intervened and ended an investigation into his father-in-law, allegedly caught accepting a USD 20,000 payoff. Lutsenko claimed that the President had covered up the theft of more than 2 billion hryvnya (approximately USD 250 million) by officials within the Presidential Secretariat. He also accused Yushchenko of giving state awards to individuals involved in criminal activity, such as ex-chairman of the Central Election Commission and opposition Party of Regions MP Serhiy Kivalov, the reputed mastermind of the falsification of the 2004 presidential election. Lutsenko said that he will never return to the Presidential Secretariat or attend a meeting with the President, and that he had taken down Yushchenko's official portrait from his offices. He said Yushchenko is a "play-actor, not a real manager or man of principle."

COMMENT

16. (C) This unedifying spectacle was a somewhat spicier version of the discouraging daily fare in Ukrainian intra-governmental discourse. Incumbent President Yushchenko, without a prayer of being re-elected, seems to have decided that his ultimate goal must be to deny the presidency to his erstwhile "orange" ally Tymoshenko -- no matter what the cost to the country, to his reputation, or to his own dignity.

TEFFT